UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL

Distr.
LIMITED

E/ECA/OAU/TRADE/17
2 May 1984

ENGLISH
Original: FRENCH

ECONOMIC COMMISSION FOR AFRICA

Third Meeting of the Ministerial Follow-up
Committee on Trade and Finance for
African Development

Addis Ababa, 9-14 May 1984

LC/NAIROBI

THE AFRICAN STRATEGY FOR TRADE DEVELOPMENT AND ITS IMPLICATIONS FOR TRADE PROMOTION AND TECHNICAL CO-OPERATION

Secretariat Paper

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INTRODUCTION

1. The African strategy for trade and finance forms part and parcel of the Monrovia Strategy and the Lagos Plan of Action. The Plan, which was adopted at the Second Extraordinary Session of the OAU Assembly of Heads of State and Government, held in Lagos, Nigeria, on 28 and 29 April 1980, turns the measures to be taken and the activities to be carried out in each sector in implementation of the African strategy for economic development over the years 1980 to 2000 into detailed programmes.

2. The basic objective of the strategy is to achieve endogenous development and economic growth on the basis of collective self-reliance. Both the Strategy and the Plan result from an in-depth analysis of the economic and social situation of African countries.

3. The evaluation of the international situation leading to the adoption of the Lagos Plan of Action still applies:

(a) World demand for commodities (which account for the bulk of African exports) is declining because of the recession in the developed countries and also because of increasing penetration of the world market by substitute products and technological advances that allow significant savings to be made in the processing of certain raw materials.

(b) The severe and at times automatic restrictions that close the markets of developed market economy countries to products from the Third World in general and Africa in particular continue to this day.

(c) New techniques developed by the electronics industry and increasingly inexpensive automation will probably reduce the cost advantages of manufacturing industries in the developing countries.

(d) The trade relations of African countries are almost entirely dominated by relations with the developed market-economy countries.

4. The persistence of these factors justifies the endeavour to restructure African trade in terms of:

(a) The composition of trade and the means used to produce trading commodities;

(b) The orientation of trade and effective control of African trade by Africans (diversification of partners and other measures);

(c) The integration of the modern import-export sector with the rest of the national economy in order to ensure that it contributes fully to the economic development of African countries.

5. This note is intended to provide an initial appraisal of the relevance of current co-operation strategies and trade policies in light of the Monrovia Strategy and the Lagos Plan of Action.

6. Chapter I gives an overview of the recommendations of the Lagos Plan of Action at the national, subregional, regional and international levels.

7. Chapter II is a general review of activities conducted in implementation of the Lagos Plan of Action within the areas of trade and finance.

8. Chapter III makes a general appraisal of what is needed to promote trade.

9. Chapter IV assesses international technical co-operation in connection with the effective implementation of the African strategy for trade and finance.

10. Chapter V reviews the recommendations and conclusions arising from the analyses elsewhere in the document.

CHAPTER I

TRADE AND FINANCIAL ASPECTS OF THE AFRICAN STRATEGY 1/

A. Guiding principle

11. The strategy of self-sustaining development and collective self-reliance calls for a reversal of priorities and a gradual break with the system of quasi-imperial preferences that have to date linked African countries with the former colonizing metropolises. The order of priorities required under the Lagos Plan of Action is based on the setting of economic growth on an indigenous footing and the fastening of internal development factors in national, subregional and regional structures. Africa's external relations should contribute to the development of the continent and not to the transmission of economic growth to development poles outside Africa. The order in which the Lagos Plan of Action considers international trade and financial questions is therefore not fortuitous. It follows the precise logic of an endogenous development strategy.

B. Content of the Plan

12. The Lagos Plan of Action deals with trade and financial questions in chapter VII, paragraphs 249 to 255. The order of priority starts with domestic trade, goes on to intra-African trade and ends with international trade.

1. Domestic trade

13. The Plan advocates the promotion of domestic trade at the national level and the integration of rural markets with the rest of the national economy. It also recommends the streamlining of distribution networks and their control by national private or public enterprises or a combination of the two without, however, loosing sight of the need to balance investments in the domestic trade sector with investment in the productive sectors.

2. Development of intra-African trade

14. It did not take long for the role and importance of domestic trade in the self-sustaining development strategy to come into conflict with the tiny sizes of the markets and the low consumer purchasing power bequeathed by the colonial system. Any credible development strategy for Africa should therefore be mainly

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1/ See chapter VII of the Lagos Plan of Action.

concerned with the need to restructure the markets through gradual decompartmentalization and integrate them into sub-regional common markets and an African common market.

15. In line with the strategy for restructuring the markets, the Lagos Plan of Action recommends:

(a) The reduction and/or elimination of trade barriers through the establishment of preferential trade areas or similar institutions;

(b) The establishment and/or strengthening of mechanisms for facilitating and developing trade, in particular;

(i) The establishment of trade promotion councils and operational centres with a view to instituting subregional trade promotion organizations and strengthening the Association of African Trade Promotion Organizations;

(ii) The establishment and/or strengthening of national chambers of commerce comprising private enterprises and state corporations with a view to promoting subregional associations and establishing the African Federation of Chambers of Commerce;

(iii) The establishment of subregional associations of state trading organizations with a view to establishing a regional association of such organizations;

(iv) The establishment of structures for storing and preserving food products at national and subregional levels;

(v) Strengthening of the African Regional Organization for Standardization (ARSO) which is responsible for defining and harmonizing product standards;

(vi) The organization of trade fairs and African publicity campaigns at the national, subregional and regional levels;

(vii) The establishment of clearing and payments houses at the subregional level in preparation for the establishment of an African Payments Union by the year 1990;

(viii) The establishment of subregional development banks to finance production and trade activities.

16. In addition to the institutions proposed, the Lagos Plan of Action recommends measures and studies for the promotion of intra-African trade:

(a) Studies on the supply of and demand for the major products traded within Africa at the subregional and regional levels;

(b) The establishment of trade data banks at the subregional and regional levels;

(c) Studies on border trade, to examine the extent to which it could make an optimum contribution to the socio-economic development of Africa;

(d) The study of investment potential in the productive sectors;

(e) The encouragement of co-operation in the processing of domestically available raw materials by creating multinational or joint enterprises;

(f) The conclusion of long-term purchase and supply contracts as a means of promoting intra-African trade.

3. International trade

17. The self-sustaining development apporach advocated in the Lagos Plan of Action does not mean breaking off the economic relations linking African countries with their traditional partners in the developed market-economy countries. The Plan recognizes that those relations are vital, but calls for them to be re-oriented towards trade promoting the development of Africa which will, of course, be in the interest of all.

18. In order to free African trade from its current constraints, trade will have to be diversified structurally and geographically:

(a) Efforts to promote trade with other developing regions (Asia and Latin America), as a second priority after intra-African trade, are recommended;

(b) The Plan urges the promotion of trade with the developed planned-economy countries, which constitute a market that had yet to be explored;

(c) Trade with the developed market-economy countries should be conducted under fresh arrangements and on new principles, with renewed preferential treatment and the abolition of discriminatory practices and protectionist measures designed to keep out manufactures and semi-processed goods produced in the developing countries;

(d) A systematic policy for the control of foreign trade by national structures should include measures regulating the operations of transnational corporations.

19. It may be observed that the main preoccupation of the Plan is to redefine African markets in the broader context of subregions in the medium terms and in a regional context within the long term. The entire Plan is based on the notion of multi-sectoral (production and trade) economic integration among African countries and the formation of large aggregates so that economies of scale can have a decisive impact on the reorganization and expansion of national economies. This is a far-reaching concept, and will require a fresh approach to the promotion of output and of trade.

CHAPTER II

RESTRUCTURING OF AFRICAN TRADE: TRENDS AND PROSPECTS

A. Implementation of the subregional trade promotion strategy

1. Restructuring of the markets

20. African countries now have a clear idea of the importance of subregional markets in their strategy for industrialization and the promotion of their trade. The political will to translate this awareness into reality was concretely demonstrated in the formation of subregional units with the aim of phasing out trade barriers of all kinds and promoting investments on a subregional scale:

(a) The membership of the Economic Community of West African States (ECOWAS) includes all 16 countries of the subregion. This makes for a strengthening of the groundwork for integration already laid by such subregional groupings as CEAO and The Mano River Union. Some of the Community's major projects are in the initial phase of implementation (telecommunications and road networks), opening the way for increased trade. Efforts are currently being made to harmonize the activities of the three organizations. The gradual liberalization of trade and the establishment of Community and multinational enterprises (whose constitutions have already been laid down by CEAO) are expected to contribute to the conversion of existing national markets into one vast West African Market;

(b) In Eastern and Southern Africa, 14 countries have already signed the Treaty establishing the Preferential Trade Area for Eastern and Southern African States which envisages the reduction and elimination of trade barriers, the establishment of a subregional development bank and co-operation in agriculture and industry through the establishment of multinational production enterprises;

(c) In Central Africa, the Treaty establishing the Economic Community of Central African States (ECCAS) has been signed. The provisions of the Treaty envisage the liberalization of trade and effective co-operation by member States in the productive sectors (industry and agriculture).

21. With this brief overview of subregional organizations concerned with economic integration one can see that Africa south of the Sahara has already laid the foundations for three major subregional markets together covering its entire territory and promising to create the right conditions for the economic development of their member States. On the whole, the current generation of such subregional organizations represents an improvement in terms of geographical coverage and especially of substance, on the policy of integration through trade alone which was the starting point for African bodies seeking co-operation in the 1960s. Africa's current economic integration policy follows a multi-sectoral approach covering production, trade and allied transport facilitation mechanisms, communications, finance and other areas.

2. Trade facilitation mechanisms

Financial mechanisms

22. The mechanisms which have been (or will be) introduced meet the financing requirements of productive activities and the associated communications and payments mechanisms for facilitating trade:

(a) Financing of production activities

23. The West African Development Bank (BOAD), the Central African Development Bank (BEAC) and the East African Development Bank (on the way to becoming the Trade and Development Bank for Eastern and Southern African States) are subregional financing institutions created to support production activities. At the regional level the African Development Bank established under the aegis of ECA has endeavoured from the outset to finance infrastructure and productive investments.

24. All these financial institutions should be strengthened in terms of structure and intervention capacity in order to increase existing security deposits and cope with the growing demand for financing in the African economies.

(b) Payment mechanisms

25. One of the impediments to the development of intra-African trade is the need to use increasingly scarse foreign exchange resources to finance trade transactions. In order to reduce the dependence of intra-African trade relations on foreign, ECA has endeavoured to establish clearing and payments mechanisms at the subregional level, the final objective being to form an African Payments Union:

(a) In West Africa the West African Clearing House serves all ECOWAS countries;

(b) In Central Africa, the Chambre de compensation des etats de l'Afrique Centrale is having difficulties in getting under way;

(c) The clearing house for countries members of the Preferential Trade Area for Eastern and Southern African States has been inaugurated, with the Reserve Bank of Zimbabwe designated to serve as its interim secretariat;

(d) Initial studies for the formation of an African Monetary Fund are now in progress.

Trade promotion institutions

26. In addition to the trade promotion mechanisms set up within the secretariats of the subregional economic integration organizations, regional trade promotion institutions have been established or are about to be:

(a) The African Regional Organization for Standardization (ARSO) whose role is to harmonize standards and set regional standards;

(b) The Association of African Trade Promotion Organizations (AATPO) whose stated purpose is to provide technical support for its members and co-ordinate their trade promotion, information, marketing and market study activities;

(c) The African Federation of Chambers of Commerce whish is responsible for establishing and/or strengthening chambers of commerce whose role as investment and trade promotion agencies should receive more attention;

(d) The African Trade Centre, which is part of the Economic Commission for Africa. It was established in implementation of resolution 199 (IX) adopted at the ninth session of the Economic Commission for Africa held in 1969. Resolution 222 (X) of the first meeting of the ECA Conference of Ministers, held in February 1971, defined the priorities to be observed by the Centre, and these were later enlarged upon in notes by The Executive Secretary of ECA . The note dated 25 January 1978 defines the functions of the Centre as:

(i) Collecting and disseminating information, and operating, a regional trade information service;

(ii) Assisting ECA member States in trade promotion and market surveys;

(iii) Conducting activities to establish and/or strengthen national trade promotion institutions;

(iv) Supporting the establishment and strengthening of associations of trade promotion organizations and of institutions offering training in techniques for promoting and streamlining trade (import and export) at the national, subregional and regional levels;

(v) Organizing African trade fairs in conjunction with OAU;

(vi) Planning, organizing and carrying out training activities (courses, colloquia, seminars, workshops etc.);

(vii) Engaging in trade facilitation activities in co-operation with UNCTAD (FALPRO).

27. The establishment of the Africa Trade Centre (ATC) was in response to the concern to decentralize trade promotion activities within the United Nations system and create focal points in the regional commissions. Similar centres exist in the other United Nations economic commissions.

Other trade promotion mechanisms and activities

Agricultural commodity exchanges

28. Feasibility studies have been conducted and should result in the establishment of the first such commodity exchange in Eastern and Southern Africa. Similar studies are planned for other subregions.

Multinational production and marketing enterprises

29. Studies are being conducted on their establishment. A feasibility study on the establishment of a multinational marketing company for eastern and southern African countries has been prepared.

30. Research on the possible establishment of subregional credit and export insurance systems is being carried out, beginning with eastern and southern Africa.

31. Research is also being conducted into the promotion of domestic trade in African countries. The findings will be submited to a meeting of African director's of domestic trade in 1985.

32. State trading corporations are also being studied with a view to offering consultancy services on how to manage them and co-ordinate their activities. An initial meeting is planned for 1985.

33. The Africa Trade Centre is also working on the establishment of an African trade information network based on the optimum use of the Pan-African Documentation and Information system (PADIS) at its decentralized, national and subregional levels. In the mean while, "FLASH on Trade Opportunities" and the African Trade Bulletin are circulated to African businessmen through their organizations, chambers of commerce, trade unions and institutions and also to Asian and Latin American business circles on request.

34. Courses, workshops, colloquia and symposia on export marketing and import management (far too few in number) have been organized with assistance from Finland's PROJEC (Helsinki School of Economics). Dozens of Namibian students and other African nationals have also received on-the-job training in trade promotion and planning with the co-operation of the Ethiopian Ministry of Foreign Trade and Central Planning Committee.

35. At the international level, stress has been laid on south-south co-operation with the organization, with assistance from the Netherlands, of study tours for African businessmen to South-East Asia, Latin America and the Middle East.

CHAPTER III

ASSESSEMENT OF TRADE PROMOTION REQUIREMENTS

Introduction

36. The general evaluation undertaken in chapter II of this paper indicates that the foundation has been laid for the required restructuring of African trade with regard to both the establishment of integrated subregional markets and the introduction of trade facilitation mechanisms (financing of production, payments, etc.). However, the structures and mechanisms thus established need to be strengthened and economic operators must be given the means to use them for the better promotion of trade. The Lagos Plan of Action set priorities in the light of a systematic review of what African countries said would be required to restructure their trade according to their development priorities. It is a well known fact that development trade in Africa cannot come about 2/ without complementarity among African countries and the diversification of African external trade to include markets which have been little explored so far.

A. Priorities

37. In defining their overall external trade promotion requirements, African States established the following priorities in decreasing order of importance:

(a) Promotion and development of intra-African trade;

(b) Promotion of trade with the other developing regions, namely Asia and Latin America;

(c) Promotion of trade with non-traditional partners in the developed world such as the Socialist countries of Eastern Europe, the Nordic countries etc.

38. Relations with the developed market-economy countries, Africa's traditional trading partners, follow long-established courses which those that established them negotiate with ease. Restructuring them to suit Africa's interests is more a matter of political solutions than the actual promotion of trade and will only happen, in our opinion, if African trade is diversified out of its present state of dependence.

2/ See Michel Saint Marc, "Commerce Exterieur de Developpement", SEDES, 1968, or Guy La Charriéere, "Commerce Exterieur et developpement", PUF, 1964.

B. Requirements

1. Intra-African Trade

Institutional requirements

39. The collective and integrationist approach of the African strategy for trade development requires the establishment and strengthening of operational subregional and regional bodies for co-ordinating and implementing the common trade promotion policy. There are such bodies within or under the supervision of the secretariats of subregional integration organizations, but they are embryonic where they do exist and need to be strengthened to carry out their tasks:

(a) The West African Economic Community (CEAO) has an operational unit, the Office communautaire de promotion des échanges (OCPE); an assessment should be made to redefine its requirements at the current stage;

(b) The secretariat of the Economic Community of West African States (ECOWAS) is supposed to have a subregional trade promotion unit with its own trade information system and research and marketing department;

(c) When the secretariat of the Economic Community of Central African States (ECCAS) is established, it will have a subregional trade promotion centre similar to the one planned for ECOWAS;

(d) Apart from the future subregional centre for training in trade promotion techniques, the Preferential Trade Area for Eastern and Southern African States (PTA) needs to have a unit similar to those planned for ECOWAS and ECCAS.

At the regional level

40. The highest priority needs to be given to strengthening the secretariat of the Association of African Trade Promotion Organizations (AATPO) if it is to be able to help participating national centres to better co-ordinate their activities, exchange information and reduce the costs of certain activities (market surveys, training and acquisition of information) by using the common services of AATPO. There is a pressing need to strengthen AATPO's information system.

41. The decentralization of trade promotion activities in the United Nations system was the basis for the establishment, within the regional commissions, of regional trade centres including the Africa Trade Centre (ATC). This Centre, whose functions were listed earlier, made a very auspicious start, especially in training in export promotion techniques (seminars, courses and workshops in several African countries), on-the-job training for experts from African countries on secondment to ATC, especially in the 1970s, and assessing the export potential and trade structures of African countries. In spite of its slender resources (drawn exclusively from the regular ECA budget without any external contribution since 1978) ATC continues to provide a minimum service, disseminating information and supporting trade promotion institutions, especially chambers of commerce and

their members. However, ATC needs a fresh lease of life which, in our opinion, depends on the establishment of a regional trade information system with a central unit based in Addis Ababa, utilizing PADIS hardware and the subregional and national links offered in the medium and long term by the PADIS system. The establishment of a training fund (fellowships) would also enable ATC to revitalize its on-the-job training for officials of national and subregional trade promotion institutions, including trainers and planners.

42. The establishment and strengthening of the African Federation of Chambers of Commerce should help to get economic agents more involved through their organizations.

Human resources

43. The restructuring of African trade requires not only men thoroughly conversant with trade planning and promotion techniques but also a fresh outlook which breeches away from the traditional mechanisms and established partners of African trade. The restructuring excercise called for in the new African strategy for trade development requires two types of training:

(a) Training in "Macro marketing"

44. Men trained in modern planning techniques in general and in marketing planning in particular are required to ensure that the external trade components of development plans have a clear-cut orientation in line with production plans. It is now being realized that a considerable number of African countries still do not have any external trade plans. Training modules on external trade could be included in the circular of post-graduate management institutes in the subregion, such as the Eastern and Southern African Management Institute (ESAMI) and the Centre africain d'études supérieures de gestion de Dakar and at the African Institute for Economic Development and Planning (IDEP) in Dakar. It is only after this macro marketing planning module, covering subjects ranging from the definition of production and output to the determination of target markets and objectives is introduced that the current conflict between African planners, technicians and economic agents will be settled.

(b) Operational training

45. The training required by agents directly involved in external trade operations is so crucial that emphasis should be put on training trainers so as to have the manpower required as soon as possible.

46. In Africa, the acquisition of marketing skills should be paired with a "format", practical training in market surveying and research conducted through "educational trade missions".

47. A subregional approach to training would cut costs and supply the teaching resources needed for national training programmes. The subregional training institutions mentioned earlier should therefore have a training component of the CEAO-URFOP type. 3/

48. In terms of capacity, an evaluation of training requirements based on thorough inquiries should be standard practice before any activities are planned.

Research and intra-African trade promotion activities

(a) Information on the supply and demand for African products

49. One of the obstacles to the development of intra-African trade is the lack of reliable information on supply and demand in Africa. The information systems to be established within trade promotion institutions can only be of service to intra-African trade after a careful inventory of supply and demand has been made at the national and subregional levels. Such an inventory will involve collecting data on production capacity, actual production, types of products, the efficiency of the production unit and the management and marketing functions; quantitative and qualitative demand, conditions for creating and satisfying demand (sources and current conditions of supply, regulation etc.). The study of supply and demand we are advocating goes beyond the basic level of data collecting and should result in a minute survey of the conditions governing supply and demand so as to permit the formulation of an accurate trade strategy based on complementarities to be defined.

50. This type of survey should lead to the preparation of proper reference material for circulating information (regional and subregional directories on African trade, magnetic memories, monographs etc.).

(b) Analysis of distribution circuits and investigation of corrective mechanisms to open them to the outside

51. It is clear that the current status and orientation of African trade are bound up with a system of vertical and horizontal of integration established by transnational corporations and the commercial companies of Africa's traditional partners with their parent enterprises in the former colonial powers. These arrangements favour neither the development nor the expansion of South-South trade. Restructuring African trade along the lines called for by the Lagos Plan of Action requires familiarity with those circuits and the creation of new types to promote trade among African and developing countries.

3/ Regional training unit for trade promotion.

52. One of the corrective mechanisms identified in Africa is African multinational production and marketing companies which play roles of varying importance in the proposed strategy:

(a) They enable States to pool their resources in order to establish production and/or marketing units that yield economies of scale;

(b) By making it possible to trade on a subregional scale, they correct imbalances which could prevent integration;

(c) They serve as links between member countries and generate new distribution circuits and new types of economic relations;

(d) They are active instruments of trade promotion.

Feasibility studies should be carried out on the establishment of such companies and there is a pressing need for expertise in this area and for staff to manage such enterprises.

2. South-South trade

53. African countries particularly need information on supply and demand in Asian and Latin American countries and on the possibility of establishing joint South-South ventures with the leading industrial nations in other developing regions. African trade missions to those countries should be encouraged to permit African economic transactors to become better acquainted with practices in the markets of those regions.

3. International trade

54. Requirements in this area relate mainly to information:

(a) Information on supply and demand in developed countries that are not traditional trading partners of Africa (the Socialist and Nordic countries);

(b) Practical information on the trading practices of the above-mentioned countries;

(c) Trade missions to countries;

(d) Seminars, courses and workshops on import management and its use of imports for development purposes.

CHAPTER IV

INTERNATIONAL TECHNICAL CO-OPERATION AND IMPLEMENTATION OF THE AFRICAN STRATEGY FOR TRADE PROMOTION

55. Although the African strategy for self-sustaining development and collective self-reliance gives priority to mobilizing all the human and material resources of the continent, it also recognizes the need to secure the external resources without which it will be difficult to achieve the accelerated development called for by the Lagos Plan of Action. While African countries are open to international co-operation they insist on respect for the development options that they have freely chosen regardless of the merits of strategies developed for Africa by other institutions or persons. In other words, any co-operation or assistance offered to Africa should fit in with efforts being made to implement the Lagos Plan of Action.

A. International technical co-operation in trade promotion

1. Analysis of the situation

56. Almost all technical co-operation in the area of trade promotion is carried out through the United Nations system, more specifically the International Trade Centre (ITC). Apart from its regular operating budget, financed by UNCTAD and GATT, the resources of the Centre come mainly from UNDP and trust funds provided by donor countries and organizations (four-fifths of the ITC programme) 4/ ITC assistance covers fields as varied as:

(a) The establishment of trade promotion institutions;

(b) Market development (exploration, market surveys, trade missions, product, design, organizing promotional activities);

(c) Assistance to businessmen and business organizations (State companies, chambers of commerce, trade unions, small and medium scale exporting firms);

(d) Assistance to least developed countries (LDCs);

(e) Streamlining and managing imports;

(f) Training in trade and trade information.

57. The UNCTAD-GATT International Trade Centre receives and manages almost all the assistance provided by developed countries and international organizations for promoting trade in developing countries. This state of affairs is the result of the mandate given to ITC by the United Nations Economic and Social Council which designated it as the focal point of the system with respect to trade promotion.

4/ ITC, Co-operation with developing countries in trade promotion, page 19.

Legally, ITC is only responsible to the secretariats of its two parent organizations (UNCTAD and GATT); the Joint Advisory Group only gives opinions, which the Centre is under no obligation to take into consideration. This leaves something of a legal vacuum which prevents developing countries from having a say as they should, in the policies and activities of an organization which is supposed to serve them.

58. The executive secretaries of the United Nations regional economic commissions decided, at a meeting in 1967, to establish trade promotion centres in each of the economic commissions (ECA, ESCAP, ECLA, ECE) and to decentralize the trade promotion activities of the United Nations system to the regional centres with effective support from the International Trade Centre to ensure the co-ordination and promotion of interregional trade.

59. The current system appears to have departed somewhat from the original network of relations between the regional centres and ITC. The International Trade Centre has continued to expand its activities at the interregional and intra-regional (individual country programmes) levels and its co-operation with regional commissions and their promotion centres is more a matter of lip-service than reality. The centralized organization of ITC and the discriminatory approach of the current system of technical assistance initiate against Africa, whose share of assistance from ITC is far from commensurate with its recognized position as the least developed continent with 26 of the world's 36 least developed countries. The system described above has reduced the regional trade promotion centres and regional trade promotion organizations to playing insignificant roles (if any) in the implementation of the trade promotion strategy and policies freely selected by their member States. ECA's Africa Trade Centre and AATPO are not isolated cases; even if they were, they would be worth highlighting for reasons mentioned elsewhere. Today, there are many programmes of activities and projects which have been submitted to ITC but never acted upon, even when very small amounts of funds were involved $ US 98 000, for example, for preparations for the Africa Trade Centre's trade information project. The regional trade promotion centres are not even included on the mailing list for documents prepared in connection with interregional or even regional projects.

60. Africa should not expect anything from the current system of co-operation which is against the strengthening and efficiency of African subregional and regional institutions that are the operational execution centres of the economic integration strategy called for by the Monrovia Strategy and the Lagos Plan of Action. The country approach, which is in violation of that strategy, can neither lead to the development of intra-African trade nor the development of African trade in general.

2. Prospects for Africa

61. It must be emphasized that African trade promotion institutions (subregional and regional) are not benefiting from current international co-operation in the area of trade promotion. Funding for African development through multilateral co-operation mechanisms such as UNDP and ITC is declining sharply. Projects of the most fundamental importance for Africa (study of supply and demand, establishment and strengthening of trade information systems, strengthening of the secretariat of the Association of African Trade Promotion Organizations (AATPO) and the Africa Trade Centre) have been languishing for years in drawers at UNDP and ITC, not to mention the fact that the Economic Commission for Africa's project on the development of intra-African Trade has been prematurelly called off.

62. In the short term, Africa has no other choice but to rely on its own resources, to use whatever means possible to mobilize maximum resources for the trade promotion component of the Lagos Plan of Action. Priority needs to be accorded to trade promotion activities, for without them it is unrealistic to think of expanding production or developing African financial relations - in short, of putting the African development strategy and the Lagos Plan of Action into effect.

63. In the medium term, Africa should begin to negotiate in international forums for a review of the current system of international co-operation that will treat the continent fairly. The objectives of such negotiations should be:

(a) The true decentralization of trade promotion mechanisms to the regions, which would involve bolstering the human and material resources of the Association of African Trade Promotion Organizations (AATPO) and the ECA Africa Trade Centre so that they could give national and subregional trade promotion institutions the necessary backing and advice. The International Trade Centre would have to enhance its co-operation with the above-mentioned organizations and rely on them at the regional level; its own role would be limited to co-ordinating interregional activities and providing technical support for regional institutions under the supervision of suitable management entities;

(b) In view of the tendency to relegate trade promotion to second place among activities that require financing (this tendency has been noticeable in UNDP for some time), to establish a special multilateral type of fund with a board of governors comprising representatives of ITC and the regional commissions to decide on how the resources should be allocated and managed;

(c) To ensure that provision is made within the resources allocated to countries by UNDP for the funding of trade promotion activities.

CONCLUSIONS AND RECOMMENDATIONS

64. The African strategy for the development of trade and finance as defined by the Lagos Plan of Action clearly indicated the path to follow and the specific activities to be undertaken in order to make African trade a development trade. Implementation of the Lagos Plan of Action has commenced but there is a divergence between the requirements of the strategy, the resources made available for its implementation, and current technical co-operation in trade promotion. The planned and structured approach of the African trade promotion strategy is offset by the ad hoc approach and solutions offered by technical co-operation, now as in the past. Trade promotion policies need to be redefined to bring them more in line with the new orientation of the African trade promotion strategy. Such redefinition will require:

65. At the national level: (a) the establishment of an external trade plan that meshes with plans for economic development plan and is in line with the Lagos Plan of Action; (b) the mobilization of resources for the external trade plan, particularly by levying a special import tax and directing the revenue thus generated to established or planned trade promotion institutions to finance research, market surveys, training and trade information activities; (c) the mobilization of economic operators and organizations such as chambers of commerce through the establishment of boards to deal with individual products or sectors.

66. At the subregional level: (a) the establishment and strengthening, within each subregional organization, of a trade promotion office with desks to handle research, training, information and co-ordination; (b) the establishment, on the basis of the Lagos Plan of Action, of medium-term plans of action in various areas of trade promotion.

67. At the regional level. (a) a stronger Association of African Trade Promotion Organization and a restructured AATPO secretariat together with the human and material resources required for its smooth operation; (b) the preparation of a medium-term plan on the consolidation of subregional trade promotion activities and the implementation of the regional plan of action for the development of intra-African trade; (c) the restructuring and strengthening of the Africa Trade Centre to make it the regional operational focal point of trade promotion in the United Nations system. The Centre should be able to provide the necessary technical support to AATPO and the subregional trade promotion offices. Steps should be taken at two levels to permit the Africa Trade Centre (ATC) to play its role:

(i) Reorganizing the marketing function at ECA by putting all marketing-related activities, including those currently carried out by divisions other than the International Trade and Finance Division, under ATC (import management, agricultural marketing, marketing aspects of industrialization, etc.);

(ii) Clearly reaffirming the role of ATC in the United Nations system as a focal point and operational centre for the promotion of intra-regional trade;

(d) The institution, under the auspices of the ministerial Follow-up Committee, of an annual conference of heads of national, subregional and regional trade promotion offices to serve as an advisory body for ATC.

58. In terms of international technical co-operation: (a) The role of the International Trade Centre (ITC) as the focal point of the United Nations system in trade promotion needs to be redefined. ITC should allow ATC to handle all the intra-African aspects of trade promotion and deal only with inter-regional trade promotion; (b) There need to be negotiations on increasing Africa's share of the funds allocated by UNDP and specially of ITC trust funds; (c) Legal mechanisms need to be established to allow developing countries in general and African countries in particular a more effective say in the policies and management of ITC. In the short term, the ITC technical co-operation programme covering Africa should be completely overhauled and recast in line with the economic development strategy adopted by the countries of Africa at the Second Extraordinary Session of the Assembly of African Heads of State and Government, held in Lagos, Nigeria on 28 and 29 April 1980, in the form of the Lagos Plan of Action.